

## CONFERENCE COMMITTEE REPORT DIGEST FOR EHB 1431

**Citations Affected:** IC 6-7-1-29.1; IC 6-7-1-29.3; IC 13-11-2-74.5; IC 13-18-22-6; IC 14-32-8-6; IC 15-1.5; IC 15-6-4; IC 15-1.5-10.5-1; IC 15-1.5-10.5-2; IC 15-1.5-10.5-8.3; 15-6-4-28.

**Synopsis:** Clean water funding, agriculture and wetlands. Clean water funding, agriculture, and wetlands. Reduces the amount that is annually appropriated from the cigarette tax fund to the department of natural resources from one-third to one-sixth of the money in the fund. Annually deposits one-sixth of the money in the cigarette tax fund in the clean water Indiana fund. Provides that an exempt isolated wetland may be an isolated wetland that is located on land: (1) subject to regulation under United States Department of Agriculture wetland conservation programs, including Swampbuster and the Wetlands Reserve Program, because of voluntary enrollment in a federal farm program; and (2) used for agricultural or other purposes allowed under the programs. Provides that a wetland that is created or restored as a water of the United States may be used, as an alternative to the creation or restoration of an isolated wetland, as compensatory mitigation. Provides that the staff of the center for agricultural science and heritage (the barn) are employees of the state fair commission (commission) and that the barn ceases to be a body corporate and politic. Provides that the commission pay the operating expenses of the barn from the funds of the commission and that real property may not be held in the name of the barn. Revises the term of an individual on the board of trustees of the center for agricultural science and heritage (the barn) to four years and limits years of service in a 12 year period. Authorizes the barn director to hire staff and delegate authority. Repeals and relocates definitions pertaining to the barn. Makes conforming amendments. Provides that the dairy industry development board instead of the treasurer of state has custody of money received as assessments under the dairy industry development law. Requires the board to establish a fund controlled by the board in which to deposit assessments. Requires the board to invest the money as other public funds are invested. Appropriates the money in the dairy industry development fund on June 30, 2005, to the board. Requires the board to submit its independent audit to the state board of accounts and the department of agriculture. Repeals the statute establishing the dairy industry development fund. **(This conference committee report adds most of EHB 1649 (March 25th printing) concerning the center for agricultural science and heritage (the barn), EHB 1666 (March 25th printing) concerning the dairy industry development board and assessments against the dairy industry, and SB 169 (March 30th printing) concerning isolated wetlands.)**

**Effective:** July 1, 2005.



## CONFERENCE COMMITTEE REPORT

**MADAM PRESIDENT:**

*Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill No. 1431 respectfully reports that said two committees have conferred and agreed as follows to wit:*

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 6-7-1-29.1 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 29.1. (a) ~~One-third~~
- 4 ~~(1/3)~~ **One-sixth (1/6)** of the money in the cigarette tax fund is annually
- 5 appropriated to the department of natural resources.
- 6 (b) The department shall use at least two percent (2%) but not more
- 7 than twenty-one percent (21%) of the money appropriated to it under
- 8 this section for:
- 9 (1) flood control and water resource projects, including
- 10 multiple-purpose reservoirs; and
- 11 (2) applied research related to technical water resource problems.
- 12 The department may use the money to plan, design, acquire land for, or
- 13 construct the projects.
- 14 (c) The department shall use at least thirty-six percent (36%) of the
- 15 money appropriated to it under this section to construct, reconstruct,
- 16 rehabilitate, or repair general conservation facilities or to acquire land.
- 17 (d) The department shall use at least forty-three percent (43%) of the
- 18 money appropriated to the department under this section for soil
- 19 conservation and lake and river enhancement under IC 14-32.
- 20 SECTION 2. IC 6-7-1-29.3 IS ADDED TO THE INDIANA CODE
- 21 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 22 JULY 1, 2005]: **Sec. 29.3. One-sixth (1/6) of the money in the**
- 23 **cigarette tax fund shall be deposited in the clean water Indiana**

1 **fund established by IC 14-32-8-6.**

2 SECTION 13. IC 13-11-2-74.5 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 74.5. (a) "Exempt  
4 isolated wetland", for purposes of IC 13-18 and environmental  
5 management laws, means an isolated wetland that:

6 (1) is a voluntarily created wetland unless:

7 (A) the wetland is approved by the department for compensatory  
8 mitigation purposes in accordance with a permit issued under  
9 Section 404 of the Clean Water Act or IC 13-18-22;

10 (B) the wetland is reclassified as a state regulated wetland under  
11 ~~IC 13-18-22-6(c)~~; **IC 13-18-22-6(e)**; or

12 (C) the owner of the wetland declares, by a written instrument:

13 (i) recorded in the office of the recorder of the county or  
14 counties in which the wetland is located; and

15 (ii) filed with the department;

16 that the wetland is to be considered in all respects to be a state  
17 regulated wetland;

18 (2) exists as an incidental feature in or on:

19 (A) a residential lawn;

20 (B) a lawn or landscaped area of a commercial or governmental  
21 complex;

22 (C) agricultural land;

23 (D) a roadside ditch;

24 (E) an irrigation ditch; or

25 (F) a manmade drainage control structure;

26 (3) is a fringe wetland associated with a private pond;

27 (4) is, or is associated with, a manmade body of surface water of  
28 any size created by:

29 (A) excavating;

30 (B) diking; or

31 (C) excavating and diking;

32 dry land to collect and retain water for or incidental to agricultural,  
33 commercial, industrial, or aesthetic purposes;

34 (5) subject to subsection (c), is a Class I wetland with an area, as  
35 delineated, of one-half (1/2) acre or less;

36 (6) subject to subsection (d), is a Class II wetland with an area, as  
37 delineated, of one-fourth (1/4) acre or less;

38 (7) is located on land:

39 (A) subject to regulation under ~~the~~ United States Department of  
40 Agriculture wetland conservation ~~rules~~; **also known as**  
41 **programs, including** Swampbuster **and the Wetlands Reserve**  
42 **Program**, because of voluntary enrollment in a federal farm  
43 program; and

44 (B) used for agricultural or ~~associated~~ **other** purposes allowed  
45 under the ~~rules~~ **programs** referred to in clause (A); or

46 (8) is constructed for reduction or control of pollution.

47 (b) For purposes of subsection (a)(2), an isolated wetland exists as an  
48 incidental feature:

49 (1) if:

50 (A) the owner or operator of the property or facility described in  
51 subsection (a)(2) does not intend the isolated wetland to be a

- 1 wetland;
- 2 (B) the isolated wetland is not essential to the function or use of
- 3 the property or facility; and
- 4 (C) the isolated wetland arises spontaneously as a result of damp
- 5 soil conditions incidental to the function or use of the property or
- 6 facility; and
- 7 (2) if the isolated wetland satisfies any other factors or criteria
- 8 established in rules that are:
- 9 (A) adopted by the water pollution control board; and
- 10 (B) not inconsistent with the factors and criteria described in
- 11 subdivision (1).
- 12 (c) The total acreage of Class I wetlands on a tract to which the
- 13 exemption described in subsection (a)(5) may apply is limited to the
- 14 larger of:
- 15 (1) the acreage of the largest individual isolated wetland on the
- 16 tract that qualifies for the exemption described in subsection (a)(5);
- 17 and
- 18 (2) fifty percent (50%) of the cumulative acreage of all individual
- 19 isolated wetlands on the tract that would qualify for the exemption
- 20 described in subsection (a)(5) but for the limitation of this
- 21 subsection.
- 22 (d) The total acreage of Class II wetlands on a tract to which the
- 23 exemption described in subsection (a)(6) may apply is limited to the
- 24 larger of:
- 25 (1) the acreage of the largest individual isolated wetland on the
- 26 tract that qualifies for the exemption described in subsection (a)(6);
- 27 and
- 28 (2) thirty-three and one-third percent (33 1/3%) of the cumulative
- 29 acreage of all individual isolated wetlands on the tract that would
- 30 qualify for the exemption described in subsection (a)(6) but for the
- 31 limitation of this subsection.
- 32 (e) An isolated wetland described in subsection (a)(5) or (a)(6) does
- 33 not include an isolated wetland on a tract that contains more than one
- 34 (1) of the same class of wetland until the owner of the tract notifies the
- 35 department that the owner has selected the isolated wetland to be an
- 36 exempt isolated wetland under subsection (a)(5) or (a)(6) consistent
- 37 with the applicable limitations described in subsections (c) and (d).
- 38 SECTION 18. IC 13-18-22-6 IS AMENDED TO READ AS
- 39 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) Except as
- 40 otherwise specified in ~~subsection~~ **subsections (b) and (c)**,
- 41 compensatory mitigation shall be provided in accordance with the
- 42 following table:
- |              |                 |             |             |
|--------------|-----------------|-------------|-------------|
| 43 Wetland   | Replacement     | On-site     | Off-site    |
| 44 Class     | Class           | Ratio       | Ratio       |
| 45 Class I   | Class II or III | 1 to 1      | 1 to 1      |
| 46 Class I   | Class I         | 1.5 to 1    | 1.5 to 1    |
| 47 Class II  | Class II or III | 1.5 to 1    | 2 to 1      |
| 48           |                 | Nonforested | Nonforested |
| 49           |                 | 2 to 1      | 2.5 to 1    |
| 50           |                 | Forested    | Forested    |
| 51 Class III | Class III       | 2 to 1      | 2.5 to 1    |

1	Nonforested	Nonforested
2	2.5 to 1	3 to 1
3	Forested	Forested

(b) The compensatory mitigation ratio shall be lowered to one to one (1:1) if the compensatory mitigation is completed before the initiation of the wetland activity.

**(c) A wetland that is created or restored as a water of the United States may be used, as an alternative to the creation or restoration of an isolated wetland, as compensatory mitigation for purposes of this section. The replacement class of a wetland that is a water of the United States shall be determined by applying the characteristics of a Class I, Class II, or Class III wetland, as appropriate, to the replacement wetland as if it were an isolated wetland.**

~~(c)~~ **(d)** The off-site location of compensatory mitigation must be within:

(1) the same eight (8) digit U.S. Geological Service hydrologic unit code; or

(2) the same county;

as the isolated wetlands subject to the authorized wetland activity.

~~(d)~~ **(e)** Exempt isolated wetlands may be used to provide compensatory mitigation for wetlands activities in state regulated wetlands. An exempt isolated wetland that is used to provide compensatory mitigation becomes a state regulated wetland.

SECTION 5. IC 14-32-8-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The clean water Indiana fund is established to carry out the purposes of this chapter. The fund shall be administered by the division of soil conservation subject to the direction of the board.

(b) The fund consists of:

**(1) amounts deposited in the fund under IC 6-7-1-29.3;**

~~(1)~~ **(2)** amounts appropriated by the general assembly; and

~~(2)~~ **(3)** donations, grants, and money received from any other source.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

SECTION 6. IC 15-1.5-1-11 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 11. "Barn" refers to the center for agricultural science and heritage established by IC 15-1.5-10.5-3.**

SECTION 7. IC 15-1.5-1-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 12. "Barn director" refers to the individual who administers the educational programs and operations of the barn.**

SECTION 8. IC 15-1.5-1-13 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 13. "Trustees" refers to the**

**board of trustees of the barn established by IC 15-1.5-10.5-3.5.**

SECTION 9. IC 15-1.5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) The commission consists of eight (8) members as follows:

- (1) Five (5) members appointed by the governor.
- (2) The presiding officer of the board.
- (3) The commissioner of agriculture or the commissioner's designee.
- (4) The presiding officer of the ~~board of trustees of the center for agricultural science and heritage~~ or the presiding officer's designee who must be selected from the membership of the ~~board of trustees of the center for agricultural science and heritage~~.

(b) Not more than one (1) member appointed under subsection (a)(1) may reside in the same district. Each district is not required to have a member of the commission represent it.

(c) Not more than three (3) members appointed under subsection (a)(1) may be affiliated with the same political party.

(d) Two (2) members appointed under subsection (a)(1) must have a recognized interest in agriculture or agribusiness.

SECTION 10. IC 15-1.5-2-10.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 10.5. (a) The commission shall:**

**(1) adopt:**

**(A) rules under IC 4-22-2; or**

**(B) a policy;**

**establishing a code of ethics for employees of the commission;**  
**or**

**(2) decide it wishes to be under the jurisdiction and rules adopted by the state ethics commission.**

**(b) A code of ethics adopted by rules or policy under this section must be consistent with Indiana law and approved by the governor.**

SECTION 11. IC 15-1.5-10.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) The center for agricultural science and heritage (the barn) is established.

~~(b) The barn:~~

~~(1) is a body corporate and politic separate from the state;~~

~~(2) is not a state agency; and~~

~~(3) performs essential governmental functions.~~

~~(c)~~ **(b)** The following are the purposes for which the barn is established:

- (1) To educate the public concerning the past, present, and future of American agriculture and rural life.
- (2) To educate youth and the general public about American agriculture and food systems.
- (3) To provide educational programming for youth that complements school curricula, both onsite and in the classroom.
- (4) To create a synergy between Indiana's institutions of education and agriculture related industries.
- (5) To generate economic vitality, convention activity, and tourism activity for Indiana.
- (6) To become a center for agricultural business and thinking, a

clearinghouse of agricultural information, a resource center for educators and the public, and a repository for agricultural artifacts and history.

(7) To create a central, prominent partner with whom agricultural organizations can launch, collaborate on, and coordinate programs.

(8) To position Indiana as the recognized agricultural center of the nation.

SECTION 12. IC 15-1.5-10.5-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 3.5. The board of trustees for the barn is established.**

SECTION 13. IC 15-1.5-10.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. (a) The ~~barn~~ is ~~governed by a board of trustees~~ **govern the barn**. The trustees ~~include the following~~ **consist of** seventeen (17) individuals: **members as follows:**

(1) The governor or the governor's designee.

(2) The commissioner of agriculture or the commissioner's designee.

~~(3) The state superintendent of public instruction or the state superintendent's designee.~~

~~(4) (3) The dean of agriculture of Purdue University or the dean's designee.~~

~~(5) (4) The president of the Purdue University Agriculture Alumni Association or the president's designee.~~

**(5) The state superintendent of public instruction or the state superintendent's designee.**

(6) The state veterinarian or the state veterinarian's designee.

(7) The presiding officer of the state fair commission or the presiding officer's designee selected from the membership of the state fair commission.

(8) The presiding officer of the state fair board or the presiding officer's designee selected from the membership of the state fair board.

(9) One (1) member appointed by the largest Indiana organization representing agricultural interests in Indiana, as determined by the number of members of the organization. The member serves at the pleasure of the member's organization.

(10) One (1) member appointed by the second largest Indiana organization representing agricultural interests in Indiana, as determined by the number of members of the organization. The member serves at the pleasure of the member's organization.

(11) Seven (7) members appointed by the governor.

(b) Of the members appointed under subsection (a)(11), not more than four (4) may be affiliated with the same political party.

(c) Each member appointed under subsection (a)(11) must have a recognized interest in the barn.

SECTION 14. IC 15-1.5-10.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) The term of an individual appointed to the trustees under section 4(a)(11) of this

1 chapter:

2 (1) is three (3) years; and

3 (2) expires September 30 of the year of expiration.

4 (b) A member appointed under section 4(a)(11) of this chapter may  
5 be reappointed to the trustees. Except as provided in subsection (c), a  
6 member appointed under section 4(a)(11) may not serve for more than  
7 nine (9) years in any twelve (12) year period.

8 (c) For purposes of the limitation on the number of years a member  
9 may serve under subsection (b), any time of not more than two (2)  
10 years a member serves:

11 (1) as an initial appointment to the trustees; or

12 (2) to fill a vacancy;

13 may not be considered.

14 **(d) This section expires September 30, 2005.**

15 SECTION 15. IC 15-1.5-10.5-5.3 IS ADDED TO THE INDIANA  
16 CODE AS A NEW SECTION TO READ AS FOLLOWS  
17 [EFFECTIVE JULY 1, 2005]: **Sec. 5.3. (a) Effective October 1, 2005,**  
18 **the term of a member appointed to the trustees under section**  
19 **4(a)(11) of this chapter:**

20 (1) is four (4) years;

21 (2) begins on the later of:

22 (A) October 1 after the expiration of the term of the trustee  
23 whom the member is appointed to succeed; or

24 (B) the day the member is appointed; and

25 (3) expires September 30 of the fourth year after the  
26 expiration of the term of the member's immediate  
27 predecessor.

28 (b) Except as provided in subsection (c), a member appointed  
29 under section 4(a)(11) of this chapter:

30 (1) may be reappointed for a new term;

31 (2) if reappointed, is the member's own successor or  
32 predecessor for purposes of subsection (a); and

33 (3) may not serve as a trustee for more than eight (8) years in  
34 a twelve (12) year period.

35 (c) A member appointed under section 4(a)(11) of this chapter  
36 before October 1, 2005, may not serve as a trustee more than nine  
37 (9) years in a twelve (12) year period.

38 SECTION 16. IC 15-1.5-10.5-5.5 IS AMENDED TO READ AS  
39 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5.5. The trustees may  
40 do the following, **with approval by the commission:**

41 (1) Enter into contracts related to the trustees' powers and duties  
42 under this chapter.

43 ~~(2) Receive, hold, and expend appropriations made by the general~~  
44 ~~assembly.~~

45 ~~(3)~~ (2) Receive gifts.

46 ~~(4)~~ (3) Charge admissions.

47 ~~(5)~~ (4) Purchase, lease, and sell real and personal property.

48 ~~(6) Develop, improve, and maintain the property leased or owned~~  
49 ~~by the trustees.~~

50 ~~(7) Adopt rules under IC 4-22-2 to implement this chapter.~~

51 SECTION 17. IC 15-1.5-10.5-6 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The governor ~~may shall~~ appoint an individual ~~to the trustees~~ to fill a vacancy ~~in among the position of a trustee appointed under subsection 4(a)(11) of this chapter: trustees.~~

(b) ~~An~~ **The** individual appointed ~~under subsection (a) by the governor under subsection (a)~~ serves for the **remainder of the** unexpired term of the ~~member trustee~~ whom the individual replaces.

(c) The period of the unexpired term for which an individual serves after appointment ~~under this section~~ may not be considered in determining the number of years that ~~the member a trustee~~ has served in a twelve (12) year period for purposes of section 5(b) **or 5.3(b)(3)** of this chapter.

SECTION 18. IC 15-1.5-10.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) The trustees shall ~~in October 2001, and in October of each odd-numbered year thereafter,~~ elect a member of the trustees **as serving under section 4(a)(11) of this chapter to be** the presiding officer of the trustees. ~~for a term of two (2) years that begins on November 1 of the year in which the election is held:~~ The ~~member trustee~~ elected under this subsection is the presiding officer of the trustees until the earlier of the following:

(1) The expiration of the ~~member's trustee's~~ term.

(2) The replacement ~~of the member trustee~~ as presiding officer by the trustees.

(b) The trustees may elect other officers ~~of the barn from among for the trustees from the trustees serving under section 4(a)(11) of this chapter.~~

SECTION 19. IC 15-1.5-10.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) The trustees shall recommend an individual to be employed **by the commission as executive the barn** director, of the barn subject to the approval of the governor. ~~If the governor approves an individual recommended by the trustees, the trustees may employ the individual as executive director: If the governor does not approve an individual recommended by the trustees, the trustees shall submit another recommendation to the governor: subject to approval by the commission.~~

(b) The ~~executive director~~ employed under this section:

(1) ~~is the chief administrative officer of the barn; and~~

(2) **barn director** shall implement the policies of the trustees **and the commission.**

(c) The ~~trustees commission~~ may delegate any of the ~~trustees' commission's~~ powers to the ~~executive barn~~ director. The ~~trustees commission~~ may make a delegation under this subsection ~~through a resolution adopted by the trustees:~~

(d) Notwithstanding IC 4-2-6-5, the compensation for the executive director and other employees of the trustees may be paid in full or in part by the nonprofit entity established under section 10 of this chapter: **by either of the following:**

(1) **A resolution adopted by the commission.**

(2) **A rule adopted by the commission under IC 4-22-2.**

(d) Notwithstanding IC 4-2-6-5, with approval by the **commission, commission employees:**

- (1) may be compensated in full or in part by the nonprofit entity established under section 10 of this chapter; and
- (2) may perform services that support the purposes of the nonprofit entity established under section 10 of this chapter.

SECTION 20. IC 15-1.5-10.5-8.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 8.1. (a) The barn director may hire staff for the barn subject to the budget approved by the trustees and the commission.**

**(b) The staff of the barn are:**

- (1) employees of the commission; and
- (2) accountable to the commission directly or through the executive director of the commission.

SECTION 21. IC 15-1.5-10.5-8.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 8.2. The barn director may delegate a power or duty of the barn director to a member of the barn staff.**

SECTION 22. IC 15-1.5-10.5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 9. A majority vote of the trustees is necessary for the adoption of:**

- ~~(1) policy decisions;~~
- ~~(2) decisions concerning the employment of personnel; or~~
- ~~(3) major expenditures;~~

**to take official action.**

SECTION 23. IC 15-1.5-10.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 10. (a) The trustees may establish a nonprofit entity to solicit, raise, and accept funds.**

- ~~(1) to pay the administrative costs of the barn;~~
- ~~(2) for use in the maintenance and operations of the barn; and~~
- ~~(3) to fund capital improvements of the barn's principal facility and related facilities.~~

**(b) The nonprofit entity established under this section may receive the proceeds from the operations of the barn, subject to approval by the commission.**

**(c) The nonprofit entity established under this section is governed by a board of directors. The directors include:**

- (1) the presiding officer of the trustees of the barn, who ~~shall~~ **may** act as presiding officer of the board of directors; and
- (2) four (4) individuals appointed by the trustees.

~~(d) An expenditure of public funds for capital improvements by the nonprofit entity established under this section must be approved by the trustees.~~

SECTION 24. IC 15-1.5-10.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 11. The executive director of the barn commission shall pay the operating expenses for capital improvements of the barn approved by the trustees of the barn from the funds allocated by the commission to the barn.**

SECTION 25. IC 15-1.5-10.5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 12. At the first meeting each year of the state fair advisory committee established by**

IC 15-1-1.5-4, the trustees shall report the following:

- (1) The activities of the barn during the previous calendar year.
- (2) The financial condition of the barn for the barn's most recently completed fiscal year.
- (3) The ~~board of~~ trustees' plans for the barn for the current calendar year.

SECTION 26. IC 15-1.5-10.5-13 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 13. (a) Subject to subsection (b):**

- (1) each member of the trustees who is not a state employee is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b) and is entitled to reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties; and**
- (2) each member of the trustees who is a state employee is entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties;**

**as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.**

**(b) The commission shall adopt a policy for:**

- (1) the number of meetings the trustees may hold; and**
- (2) payment of per diem and travel expenses for trustees' meetings and during the time of other required activities.**

SECTION 27. IC 15-1.5-10.5-14 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 14. The trustees may not hold real property in the trustees' name.**

SECTION 28. IC 15-6-4-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 16. The board shall do the following:**

- (1) Elect from among the board's members a chairperson, vice chairperson, secretary, treasurer, and other officers the board considers necessary.
- (2) Employ personnel and contract for services that are necessary for the proper implementation of this chapter.
- (3) Establish accounts in adequately protected financial institutions to receive, hold, and disburse funds accumulated under this chapter.
- (4) Bond the treasurer and other persons as necessary to ensure adequate protection of funds received and administered by the board.
- (5) Authorize the expenditure of funds and the contracting of expenditures to conduct proper activities under this chapter.
- (6) Annually establish priorities and prepare and approve a budget consistent with the estimated resources of the board and the scope of this chapter.
- (7) Provide for an independent audit, **provide the results of the audit to the state board of accounts and the department of agriculture**, and make the results of the audit available to all

interested persons.

(8) Procure and evaluate data and information necessary for the proper implementation of this chapter.

(9) Formulate and execute assessment procedures and methods of collection.

(10) Establish procedures to annually inform all producers regarding board members, policy, expenditures, and programs for the preceding year.

(11) Receive and investigate, or cause to be investigated, complaints and violations of this chapter and take necessary action within its authority.

(12) Take any other action necessary for the proper implementation of this chapter, including the adoption of rules under IC 4-22-2.

SECTION 29. IC 15-6-4-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 26. The board shall **remit deposit** all assessments received under this chapter **to the treasurer of state for deposit** in the **Indiana dairy industry development** fund established by ~~section 28~~ **the board under section 28.1** of this chapter.

SECTION 30. IC 15-6-4-28.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 28.1. (a) The board shall establish and administer a fund for assessments received under this chapter. The fund is not a part of the state treasury.**

**(b) The board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.**

**(c) The board shall use the money in the fund to implement this chapter.**

**(d) The board may not use money in the fund to establish a program of its own but shall fund an active, ongoing, qualified program in Indiana as stated in 7 U.S.C. 4505 and the regulations adopted under that law. A qualified program that receives money under this subsection may use the money to jointly sponsor projects with any private or public organization for any of the following:**

**(1) Advertising and promotion.**

**(2) Market research.**

**(3) Nutrition and product research and development.**

**(4) Nutrition and educational programs.**

**(5) Any other activity to meet the objectives of this chapter.**

SECTION 31. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2005]: IC 15-1.5-10.5-1; IC 15-1.5-10.5-2; IC 15-1.5-10.5-8.3; 15-6-4-28.

SECTION 32. [EFFECTIVE JULY 1, 2005] **(a) As used in this SECTION, "board" refers to the Indiana dairy industry development board established by IC 15-6-4-9.**

**(b) The Indiana dairy industry development fund established by IC 15-6-4-28 is abolished.**

**(c) Money in the Indiana dairy industry development fund on**

- 1       **June 30, 2005, is appropriated to the board.**  
2       **(d) On July 1, 2005, the treasurer of state shall transfer all:**  
3           **(1) money in the Indiana dairy industry development fund;**  
4           **and**  
5           **(2) records relating to the Indiana dairy industry development**  
6           **fund;**  
7       **to the board.**  
8       **(e) The board shall deposit the money transferred by the**  
9       **treasurer of state under this SECTION into the fund established by**  
10       **the board under IC 15-6-4-28.1, as added by this act.**  
11       **(f) This SECTION expires January 1, 2006.**  
      (Reference is to EHB 1431 as printed March 18, 2005.)

**Conference Committee Report**  
**on**  
**Engrossed House Bill 1431**

**S**igned by:

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Representative Friend  
Chairperson

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Senator Weatherwax

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Representative Austin

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Senator Lewis

**House Conferees**

**Senate Conferees**